



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

FEB - 4 2008

Honorable Edward J. Markey
Chairman, Committee on Energy
Independence and Global Warming
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Thank you for your letter dated January 18, 2008, to Secretary Dirk Kempthorne regarding Lease Sale 193 in the Chukchi Sea. Secretary Kempthorne asked me to respond.

The Minerals Management Service (MMS) is the Agency responsible for executing the portion of the President's energy plan related to offshore oil and gas leasing in the Outer Continental Shelf (OCS). In implementing the President's energy plan, the Secretary included the Chukchi Sea in both the 5-Year Oil and Gas Leasing Programs for 2002–2007 and 2007–2012. Sale 193 was originally scheduled for June 2007, but we delayed the sale until February 2008 to complete our environmental analyses and coordination with responsible and interested parties. Our environmental program for Sale 193 began with preparing a comprehensive environmental impact statement under the National Environmental Policy Act (NEPA); consulting with the Fish and Wildlife Service (FWS) and the National Marine Fisheries Service (NMFS) under the Endangered Species Act (ESA); and consulting with NMFS regarding essential fish habitat under the Magnuson-Stevens Fishery Conservation and Management Act. We coordinated with local governments and Federally-recognized tribes, as well as the State of Alaska under the Coastal Zone Management Act. Through these analyses, consultations, and coordination efforts, we assessed the potential direct, indirect, and cumulative effects of the lease sale on marine mammals, including polar bears, and subsistence activities. After careful and thorough consideration of the environmental analyses, the Secretary and the MMS decided to exclude the area along the near-shore "polynya" where subsistence hunting occurs and through which bowhead and beluga whales, other marine mammals, and marine birds migrate. As a result of this exclusion, existing lease stipulations, and continuing adaptive management, we believe that future potential exploration and development activities can be conducted in a manner that is protective of the Chukchi Sea environment.

We understand your concerns for the protection of marine mammals, including polar bear and walrus. The MMS has been issued an ESA "no jeopardy" biological opinion by both the FWS and the NMFS on species currently listed, which contains additional protective measures that will be required of lessees. In addition, the MMS will require that any lessee obtain an authorization under the Marine Mammal Protection Act (MMPA) from both the FWS and the NMFS before commencing activities under any lease issued from this sale. Before issuing an

MMPA authorization, the FWS and the NMFS must identify any further protective measures needed to ensure any activities on the lease have no more than a negligible impact on marine mammals and no unmitigable adverse impact on subsistence uses. The MMS lease sale notices advise industry of NMFS and FWS regulations, and that such authorizations may take a year or longer to obtain. Industry has applied for and successfully obtained MMPA authorizations for lease operations in the Alaska OCS for marine mammals, including the polar bear and endangered bowhead whale.

Over the last 30 years, the MMS has provided nearly \$300 million in funding to study the offshore areas in Alaska, and more studies are planned for the current fiscal year. Over the past five years, the MMS has funded targeted research to further our understanding of polar bear life history, feeding behaviors, use of sea-ice habitat, population and recruitment dynamics, development of new technology for locating and mapping polar bear travels and maternal dens, best practices for operations in polar bear habitats, and monitoring needs. Other MMS studies indirectly help to better understand polar bears by gathering information on animal species that are food for the bears, oil spill modeling and response capabilities, and changes in sea-ice conditions. These studies complement the research supported by other Federal and State agencies and non-government organizations, and significantly add to the information base on polar bears and other marine mammals in the Beaufort and Chukchi Seas.

As part of our comprehensive and stringent regulatory program to prevent oil spills, leases issued from the sale will include stipulations for protection of biological resources, including marine mammals and migratory and other protected birds, and methods to minimize interference with subsistence hunting and other subsistence harvesting activities. The MMS requires the oil and gas industry to have multiple and redundant pollution prevention equipment, such as blowout prevention devices. We require industry personnel to be highly trained in using this equipment. The MMS conducts on-site inspections to assure that operations are in compliance with MMS regulations. These requirements were successfully employed during the drilling of 35 wells in the Beaufort and Chukchi Seas. These techniques have been proven very effective. Currently, there is 150 times more oil leaked into our offshore waters from natural seeps than from the development, production, and transport of the Nation's offshore resources. In spite of this track record, we continually work to improve our protection of the marine environment.

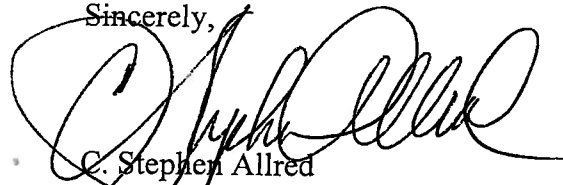
In addition to the spill prevention component of our regulatory program, the MMS will require those involved in oil and gas development to have a full suite of oil spill response tactics and equipment to respond to oil spills in the Arctic, including open water, solid ice and broken ice conditions. For broken ice conditions, equipment inventories typically include a "purpose-built" ice breaker response vessel, an ice reinforced response barge, and a fleet of smaller vessels with dedicated recovery systems specifically designed to work in broken ice conditions. Where the physical recovery of oil is ineffective, other newly tested technology methods will be used. The recent International Oil and Ice Workshop held in Anchorage last fall discussed the new and effective techniques for recovery of oil in broken ice conditions.

Should the FWS issue a decision to list the polar bear as threatened under the ESA after Lease Sale 193, the MMS would re-initiate consultation with the FWS regarding OCS activities that

may affect the polar bear in accordance with the listing rule. Lease activities would be subject to the outcome of those Section 7 consultations.

Again, I appreciate your concerns and hope that you find this response helpful. If I can be of further assistance, please do not hesitate to call me at (202) 208-6734.

Sincerely,



C. Stephen Allred
Assistant Secretary
Land and Minerals Management